Understanding
Your
Health-Care
Costs

Why are they so high?

What are we doing about it?

How can you help hold down costs?

Arkansas
BlueCross BlueShield
An Independent Licensee of the Blue Cross and Blue Shield Association
Together. For a state of better health.

While the quality of health care in America is generally very good, the cost of that care is rising at an alarming rate. If these costs continue to increase at current rates, more and more families and businesses will no longer be able to afford care for themselves or their employees.

Health-care costs can and must be brought under control. But it will take everyone working together to accomplish this. Doctors, hospitals, drug companies, insurers, lawmakers, employers and individual “consumers” of medical services must do their part to help keep health care affordable.

An important step in accomplishing this goal is understanding more about what drives health-care costs higher, and what can be done about it. We hope the information in this booklet will help you better understand the factors driving up costs, what Arkansas Blue Cross and Blue Shield is doing, and what part you can play in holding down your costs. By working together to keep health care affordable, we can create a state of better health for all Arkansans.

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As an Arkansan with health insurance, you no doubt are feeling the direct effects of the rapidly rising cost of health care. When the cost of medical care goes up, so does the cost of health insurance. But why is this happening? What is causing medical costs to rise rapidly, which in turn causes the cost of health insurance to increase?

Here are 12 major drivers of higher health-care costs in Arkansas:

1. **Changing Demographics** — As a nation, our work force is getting older. As we age, we consume a greater amount of health care. In Arkansas, our median age increased from 33.8 years in 1990 to 36.0 years in 2000, both of which are higher than the national average.

2. **New Technologies** — Today we are able to provide incredible new treatments such as organ transplants, which were not available just a few years ago. While these advances have improved our quality of life, they have come at significant costs. Take the example of pharmaceutical advances. In 2000, a new drug was approved for people with rheumatoid arthritis. Some experts now believe that this drug should be used for almost everyone with this illness. It improves the quality of life for many people with this crippling disease. However, this drug costs $1,100 per month. To provide this drug for the approximately 4,600 of our insured members who may need it, would result in a 6 percent premium increase for all 460,000 members who are fully insured through Arkansas Blue Cross and Health Advantage. That’s right — one drug for 1 percent of our members could raise premiums by 6 percent for everyone. And … there are dozens of other $1,000 per month drugs for other illnesses available or in development.

3. **Patient Demand** — Americans are heavy consumers of medical services and demand choices in health care. They want access to heavily advertised drugs and services and want more choice of providers.

4. **Increasing Litigation/Regulations** — Both the federal and state governments periodically develop new rules and regulations that apply to insurers. Each of these mandates results in premium increases. In addition, fear of litigation has caused many of the restrictions of managed care to be lifted in the past few years. With the reduction in these
cost-containment efforts have come increases in medical services and costs.

5. Increasing Supply of Physicians — During the past 15 years, the number of physicians has grown at a rate that is significantly higher than the overall population. Studies show that as the supply of physicians increases, so does the number of services people receive from physicians. People see doctors more frequently for more minor problems today than ever before. (While the number of physicians is increasing nationally, there is still an unequal distribution of physicians, with many rural areas having too few physicians and many urban areas having too many.)

6. Shortage of Non-Physician Professionals — Arkansas and the nation are experiencing a shortage of nurses. This is causing hospitals to compete for these health-care professionals with higher salaries, thus driving up employment costs. There is a similar, but less acute, shortage of physical therapy and occupational therapy health-care professionals.

7. The Consumer Is Not the Direct Payer for Health Care — Few people realize that the drug for which they paid a $15 or $20 copayment actually costs $150 or more. People are not aware that the few minutes they spend seeing a doctor for a common cold results in an average total cost of $225 or more (doctor’s fees, lab/X-rays, pharmacy). Co-payments and deductibles have not kept up with medical cost inflation, making the consumer less aware of actual costs. While most forms of property and casualty insurance cover catastrophic events (floods, fires, accidents), health insurance generally covers many common, everyday medical services, in addition to catastrophic services.

8. Health Status of the Population — The health status of the Arkansas population is poor, ranking 46th in the nation. We have high rates of obesity, smoking, cancer and heart disease.

9. Emerging Diseases — The emergence of new diseases, or re-emergence of old, such as AIDS, Hepatitis C and tuberculosis, are driving up medical costs, as are such factors as environmental pollution and resistance to antibiotics.

10. Increasing Number of Uninsured — As health insurance premiums increase, so does the number of people who decide to drop their insurance. This raises costs in two ways. First, the people most likely to drop their insurance tend to be those who are healthy and believe that they can get along without insurance. As healthy people leave the insurance pool, the people left with insurance tend to be those with more health problems. This causes overall premiums to increase for those left behind in the insurance pool. Second, uninsured people tend to utilize higher cost care in emergency rooms for routine problems since emergency rooms cannot turn anyone away. Often these services go unpaid. This raises the cost of health care for everyone else, because these costs are passed on to others.

11. Variability in Physician Practice Patterns — No two doctors handle the same problems exactly alike. For example, in Arkansas the average cost to treat a routine sinus infection in 2003 was $228. One doctor averaged $494 for every person he saw with a sinus infection in 2003. He ordered much more lab than the average physician. Similar degrees of variability occur with every type of illness. There is probably no other industry in which that kind of variability exists in the delivery of a service.

12. Excess Use of Avoidable Care — People tend to go to doctors for more minor problems today than they did 10 years ago. They also get many more medical services. People have wrongly assumed that more is always better in regard to medical treatment. For example, it has been estimated by the American Academy of Family Physicians that Americans receive 50 million unnecessary prescriptions every year for antibiotics. These unnecessary prescriptions cause side effects and are the reason that so many bacteria now are resistant to antibiotics. It is estimated that approximately 30 percent of the medical care we receive is unnecessary.
At Arkansas Blue Cross and Blue Shield, we conduct our business with three simple thoughts in mind:

1. We want you to be healthy.
2. If you get sick, we want you to receive excellent care from quality-oriented doctors and hospitals.
3. We don’t want you to go bankrupt in the process.

Below are some of the ways we are working to hold down the cost of health care:

**Contracting for Savings** — As Arkansas’ largest health insurer serving hundreds of thousands of Arkansans, we are able to work with physicians and hospitals to provide our members with appropriate medical care at a lower cost. In exchange for a steady volume of patients with health insurance, we are able to contract with doctors and hospitals that agree to provide their services to our members at a discounted fee. In return for timely payment from Arkansas Blue Cross, participating providers also agree not to “balance bill” our members for any additional charges above the agreed-upon fees. By working together, we are able to strike a balance between providing reasonable reimbursement to medical professionals and keeping costs down for our members.

**New Choices in Health Plans** — In addition to offering a wider choice of health plans in Arkansas than anyone else (major medical, PPO, POS, HMO, Medicare supplement insurance, long-term care, individual and group coverages), Arkansas Blue Cross, Health Advantage and BlueAdvantage offer a new generation of products that provide an added level of affordability and individual control.

**Low Operating Costs** — In the past three years, an average of 77 cents of every premium dollar was used to pay for actual medical care received by our members. An average of 12.5 cents of every dollar was used for costs associated with processing and paying member claims, providing customer service and other administrative costs. In addition, *we saved our members more than $481 million in 2004 alone* through our cost-containment initiatives. This is a savings to our members of $3.55 for every $1 in administrative expenses.

**Electronic Submission of Claims** — A major part of administrative expense is the cost of processing claims. Claims may be submitted in paper as well as electronic form. However, it costs approximately 50 percent more to process a paper claim as compared to an electronic one. To take advantage of this cost difference, Arkansas Blue Cross has invested in technology that facilitates the electronic submission of claims from providers. As a result, approximately 85 percent of all claims now are submitted electronically. The savings from this more efficient process help keep the cost of coverage at the lowest level possible.

**Web Sites and Health Magazine** — Arkansas Blue Cross and its affiliates use *Blue & You*, a quarterly magazine, and their Web sites to communicate preventive health information to members, which helps reduce health-care costs. Members can access their own claims information 24 hours a day, seven days a week, through *My Blueprint* (Web) and *My BlueLine* (telephone). These communications tools offer a cost-effective way of informing members about their benefits and help reduce the need for calls to Customer Service.

**HealthConnect Blue** — This complimentary, confidential health information service puts members in touch with Health Coaches by telephone or e-mail and offers health information online to help members make more informed decisions about their health care. All Health Advantage members and eligible Arkansas Blue Cross members have access to HealthConnect Blue by calling 1-800-318-2384 anytime.

**Select Quality Care** — This Web site tool provides members with information to help them make more-informed choices and better use of their health-care expenditures. Select Quality Care provides an independent comparison of hospitals by procedure or diagnosis. The hospital rankings, based on Medicare claims data, show the number of patients a hospital has treated for the procedure you select, how many patients died, how many complications the patients experienced, and how long the patients remained hospitalized.

**Pharmacy Formulary** — Arkansas Blue Cross works to control escalating drug costs through its Pharmacy and Therapeutics Committee, whose decisions form the basis of the Three-Tier Medications Formulary. The committee, the majority of whose members are doctors and pharmacists from outside our organization, makes recommendations regarding preferred and non-preferred medications. Members can save the most money by using generic drugs, which are always on the first tier of the formulary, requiring the lowest co-payment.

**Coverage Policy** — Your health insurance contract or plan does not provide coverage for every medical service, procedure, device or drug that a health-care professional may decide to use to prevent, diagnose or treat a particular medical problem. If it did, your coverage might be far too
expensive for you to afford. Your contract or health-plan coverage contains certain restrictions designed to keep your premium affordable. Some of these restrictions are specific contract exclusions (e.g., cosmetic surgery), and some are more general exclusions (e.g., non-coverage of experimental or investigational services). Some emerging technologies, considered experimental or investigational, might not be effective, and some might even harm patients. Sometimes these new technologies are used before there is any medical or scientific consensus that they are safe and effective. You may view these Coverage Policies at www.ArkansasBlueCross.com and www.HealthAdvantage-hmo.com, in the “Members” section.

**Case Management** — When you need it in more complex medical situations, case management can help maximize the benefits available under your health benefit plan, provide health education to empower you and your family to self-manage aspects of your care as deemed appropriate by your physician, and identify cost-effective alternatives to high-cost treatment settings such as hospitalization. Case management is a cooperative process involving members, their families, their doctors and nurses, and their health insurance company.

**Transplant Network** — Arkansas Blue Cross works with members and their physicians to secure transplant services through the Blue Quality Centers for Transplants, founded nationally by the Blue Cross and Blue Shield Association (BCBSA). To qualify for the transplant network, facilities must meet specific clinical criteria (including consideration of patient outcomes), which are established with the advice of a panel of nationally prominent transplant specialists. After a facility meets the inclusion criteria, an agreement is made on favorable pricing. By using this network, the member receives transplant services per- formed at facilities and by medical professionals who have met basic network criteria, with the added benefit of BCBSA-negotiated cost savings.

**BlueCard®** — Members of an Arkansas Blue Cross-affiliated health plan may use the BlueCard program to obtain coverage and access network physicians and hospitals throughout the U.S. and in 130 other countries. Members simply show their ID card to receive health-plan benefits similar to their local Blue Plan while traveling outside of Arkansas. These providers file claims automatically for members and agree to accept negotiated fees for their services. BlueCard out-of-state coverage for some HMO plans may cover urgent/emergency care only.

**Fraud Investigation** — Detection, prevention and elimination of fraud, abuse and over-utilization are essential to maintaining a health-care system that is affordable for everyone. Arkansas Blue Cross aggressively investigates and pursues the prosecution of perpetrators, who drive up premium costs for everyone. The company also actively cooperates with criminal investigations conducted by federal, state and local authorities and encourages education about fraud and abuse.

**Blue & You Foundation** — The Blue & You Foundation For A Healthier Arkansas is a charitable foundation established and funded by Arkansas Blue Cross to promote better health in Arkansas. The Foundation awards approximately $1 million in grants annually to non-profit or governmental organizations and programs that positively affect the health of Arkansans. By providing funding and working together with other organizations, the Foundation hopes to establish or expand a number of diverse health-care projects that will benefit all Arkansans over the long run.

**Community Health Programs** — The Blue & Youth Health Program uses a big blue sheep, BlueAnn Ewe, to teach school-aged children the importance of practicing healthy habits such as eating right, exercising, practicing safety, and preventing tobacco and drug abuse. Through an elementary classroom presentation, a middle-school student teaching/mentoring program (High School Heroes), a health “club” for kids, animated musical television commercials and a wild and woolly kid’s Web site (www.BlueAnnEwe-ark.com), the Blue & Youth program has taken healthy messages to more than 850,000 Arkansas youth in the past 10 years.

**Wellness Discounts** — Arkansas Blue Cross and its affiliates have negotiated discounts with health and fitness clubs, sporting goods and fitness equipment stores for members of Arkansas Blue Cross, Health Advantage and BlueAdvantage. Discounts are obtained by showing your individual or family health insurance card at the time of club enrollment, purchase of services or retail sales. A directory of vendors offering discounts is available on our Web sites in the sections entitled “Members.”

**Health Education Programs** — Arkansas Blue Cross and Health Advantage offer health education programs to members free of charge. These programs provide information and links to local, regional and national resources to help members manage disease and prevent complications of illness. Programs now are available for diabetes, respiratory health, cardiovascular disease, low back pain, weight management and Special Delivery, which educates expectant mothers about preterm births. Informed members are more able to make choices that help them achieve better health, which leads to improved quality of life and lower health-care costs.
When health insurance pays for your medical care, you tend to think that “someone else” is paying for it. But it’s your money. When you, your family and your coworkers use more and more medical services, you pay for it in higher insurance premium costs, and through higher copayments and deductibles. Unfortunately, the total cost of health care — how much it really costs — is often invisible to individuals, because they usually think only about the portion they pay when they go to the doctor or hospital.

Whether you buy your own health insurance or are covered through a group health plan provided by your employer, you should be concerned about the rising cost of health care. As costs go up, employers have few options. Companies can either reduce wages for their employees, reduce company profits, pass along the cost to their customers, ask their employees to pay a larger share of the insurance cost, cut benefits or discontinue providing health insurance to employees altogether.

Everyone can play a part in helping to hold down health-care costs. Here are some things you can do:

**Take Care of Yourself**
- The most effective way of keeping medical problems and health-care costs under control is to develop a healthy lifestyle, with lifelong habits that keep you healthy. A recent study suggests that the average adult could add four-to-seven years to his or her life expectancy by adopting a healthier lifestyle.
- Exercise regularly.
- Eat a balanced diet that is low in fat and high in fiber.
- Observe and teach all family members good dental hygiene.
- Maintain a healthy weight.
- Stay mentally active and involved with self, family and community.
- Keep a sense of humor about life.
- Get adequate sleep.
- Keep stress to a minimum.
- Limit the amount of alcohol you drink.
- Wear a seat belt.
- Never drink and drive.
- Eliminate unsafe conditions at home and work.
- Keep guns locked up.
- Install smoke detectors and fire extinguishers.
- Wear a sunscreen.
- If you smoke, stop. You’ll reduce heart, lung and circulatory problems. Smokers on average die 10 years earlier than non-smokers.
- If you won’t stop smoking for your sake — try to stop for others. Exposure to cigarette smoke in the household increases your child’s likelihood of developing asthma, pneumonia, ear infections, sudden death syndrome, meningitis and learning problems.

**Practice Prevention**
- Ask your physician to recommend a medical guide you can use to recognize early signs, symptoms and remedies for routine illness.
- Use self-care health remedies whenever possible. You can reduce the cost of health care for yourself and others by solving health problems at home when appropriate. Eight out of 10 health problems can be treated at home.
- Learn the early warning signs of potential health problems and consult a physician when needed. If you have a persistent problem, get it taken care of as soon as possible.
- Get regular checkups and physical exams.
- Visit a dentist regularly for checkups.
- Check public health centers in your area. They usually give immunizations free of charge or for very little cost. Share the results with your physician.
- Schedule the health screening tests recommended for your age, sex and risk group. It’s important that you keep up to date with blood pressure and cholesterol screenings, Pap smears and mammograms.

**Know Your Benefits**
- Read and understand what’s covered by your health insurance policy.
- For maximum cost savings, use participating or in-network providers for your medical care. Choose your doctors or hospital from your health plan’s provider directory (available on-line or in a printed form).
- If you are covered by an HMO, coordinate your care through your chosen Primary Care Physician (PCP). Obtain referrals to specialists through your PCP.
- To save money on your prescription medications, become familiar with your health plan’s drug formulary.
It lists generic drugs, preferred brand-name drugs, non-preferred drugs and non-covered drugs.

- If you develop a medical condition that requires extensive medical treatment, contact one of our registered nurse case managers at the Arkansas Blue Cross office nearest your home to see if you qualify for case management services.
- Don’t encourage the state legislature to pass insurance mandates. When insurance companies are required to cover additional treatments and services, costs go up for everyone. Consider what level of care should be mandated by the state and whether you can afford it.

**Take an Active Role in Your Care**

- Choose a family doctor. Coordinating your care through a family doctor has been shown to improve individual health.
- Be prepared before you see a specialist. Specialists have in-depth training and experience in particular areas of medicine and can give you the care and information you need for a major medical problem in their specialty area. Specialty care is usually more expensive. You can help get the most out of specialty care through good communication and preparation.
- Before you see a specialist, understand what your primary doctor’s diagnosis is and what your primary doctor wants the specialist to do. Bring any X-rays or test results with you when you visit the specialist. Ask about your options for treatment, keep your regular doctor involved and have test results sent to both you and your PCP.
- Take an active role in health-care decision-making. Take the time to build a good relationship with your doctor. Making sure that your doctor understands your expectations and needs can result in a more effective treatment plan.
- Ask your doctor about every prescribed medication and medical test. Also ask what will happen if you choose not to take a drug or have a test. Each test and drug has some risk involved. Your doctor may be able to suggest an alternative that is less risky.
- You have the right to be involved in your care and treatment. Have questions ready ahead of time to ask your doctor, insurance representative and hospital:
  - What do my symptoms mean?
  - What tests do I need, and why do I need them?
  - What risks are involved if I have surgery?
  - How long does the surgery take, and how long do I need to stay in the hospital?
  - How much of the cost will my insurance cover?
  - Which items and services are included in the hospital charges?
  - What kind of recovery may I expect?
  - How soon can I return to my normal activities?
- Avoid unnecessary medical tests. In certain situations the cost and risk of medical tests can outweigh the benefits. Sometimes tests are given simply as standard procedure. You do not have to take any test. Before consenting to a test, ask:
  - What is this test for?
  - How will it help me get better?
  - How much will the test cost?
  - Could it be done for less somewhere else?
  - Is there a less costly test that could provide the same information?
- Avoid unnecessary treatment. Your doctor’s decisions about your care can account for as much as three-quarters of your medical bills. You can save time and money by seeking the best treatment for your needs. You can be more confident of your treatment and reduce unforeseen costs if you choose a good insurance plan, use preferred providers, and get second opinions. Find out your options by asking questions such as:
  - Is a surgery or medication necessary? Why?
  - Can my tests or surgery be done somewhere else besides the hospital?
  - Does my health insurance plan cover services outside of the hospital setting?
  - What other treatments are available?
  - Can I make any changes, such as diet and exercise, that might help my condition?
- Avoid unnecessary hospitalization. Over half of all
health care costs are for inpatient and outpatient hospitalizations. Consider outpatient services or same day surgery. Find out if there are alternatives to surgery.

• Learn as much as you can about your medical needs. By conducting your own medical research, you may discover more options and be better prepared to decide which course of action is best for you. You can start your research by asking your doctor for information or calling the hospital’s medical library or using medical resources (such as Web sites) recommended by your physician or other healthcare professional. Steer clear of health Web sites not endorsed by a national health researcher such as the Centers for Disease Control or the National Institutes of Health.

• If it’s safe, wait. Sometimes physicians are afraid patients will think they’re not doing their best if they don’t take action right away. But, in many situations the old standby “take two aspirin and call me in the morning” is valid advice. On the other hand, waiting until a mild condition becomes serious can be both unpleasant and costly. Let your doctor know you’re willing to wait if that’s appropriate. He or she may consider it helpful to know you’re willing to let time and nature take their course, but only if it’s safe to do so.

Use the Emergency Room (ER) Only for Emergencies

• An emergency medical condition is one of recent onset and severity, including severe pain, that would lead a prudent layperson, acting reasonably and possessing an average knowledge of health and medicine, to believe that the absence of immediate medical attention could reasonably be expected to result in one of the following:
  □ Placing the health of the individual — or with respect to a pregnant woman, the health of the woman or her unborn child — in serious jeopardy.
  □ Serious impairment to bodily function.
  □ Serious dysfunction of any bodily organ or part.

• Emergencies often include the following:
  □ Severe bleeding that does not stop after 15 minutes of direct pressure.
  □ Sudden severe pain and swelling in a joint.
  □ Blacking out (fainting).
  □ Swallowing poison.
  □ Choking.
  □ A gaping wound (the edges don’t come together).
  □ A broken bone.
  □ Suddenly not being able to speak or move.
  □ Chest pain, especially if associated with sweating, shortness of breath, spreading pain, nausea (feeling sick to your stomach), vomiting (throwing up), dizziness or a fast or irregular heartbeat.

• More than half of all ER visits are for minor, non-urgent problems. These visits can be two to three times more expensive than a visit to the doctor’s office. If you get sick and believe that it is something that will not go away on its own, try first to see your doctor rather than going to the ER. Call your doctor as early in the day as possible so you can be seen as soon as possible.

• Tell your doctor’s nurse about your symptoms and ask her to speak to the doctor regarding the need for immediate medical care. Many emergency symptoms may be relieved with self-care if the individual is able to share pertinent information with your physician’s medical staff. If your symptoms are unresolved, your physician can provide you with the best directions for receiving the appropriate level of care at the appropriate time. Your physician arranges for another physician to care for you when your doctor is out of the office. In the ER, you may see a physician who is not familiar with your current treatment or medical history and, therefore, medical testing may be ordered that is a duplication of the testing your physician already has done for you.

• The ER is one of the most expensive units in the hospital and often one of the busiest. You’ll be paying top dollar, and if your symptoms aren’t severe, you could wait for several hours in the ER before you receive any treatment.

• Modern emergency services are invaluable in trauma or life-threatening situations but are inefficient for routine care. When deciding whether to go to the emergency room, use your best judgment. In case of a true emergency, go immediately to the emergency room. Call ahead to let them know you’re coming and notify your regular doctor, if possible. Your family doctor can provide the emergency room staff with important medical information.
Reduce Your Doctor Bills

- If you have minor medical problems, telephone your doctor rather than scheduling a visit. When an Arkansan sees a physician for a common cold, for example, an average of $225 is spent, including the doctor’s fee, lab/X-rays and prescriptions. In reality, there is usually nothing a doctor can do to speed your recovery from a cold. In all likelihood, he or she will simply recommend over-the-counter medications and plenty of rest and fluids.

- Before you walk into your doctor’s office, write down issues you want to discuss and questions you want to ask. You may want to note:
  - Your symptoms or changes in your condition.
  - Medications you’re currently taking, including complementary and alternative medications (herbs, vitamins, etc.).
  - Changes in your life, such as more stress at work or changes in your home life.
  - Questions regarding Web sites or articles you’ve read about your illness and how it’s treated.

- Ask for the following during your appointment to help you make the right decisions about your care:
  - Explanations of tests and procedures.
  - Clarifications of any treatment you don’t understand.

- Take notes so you can remember the details later.

- Do your part. Answer the doctor’s questions completely and truthfully. If you believe you’ll have trouble sticking with a suggested treatment, say so.

- Don’t expect a prescription for medicine each time you visit the doctor. You can help keep costs low by finding out how the medication will help you, whether there is a generic or similar, less-expensive version of the drug, and whether you can try a free sample first.

- Avoid defensive medicine. Defensive medicine refers to tests and services performed primarily to protect physicians from possible malpractice suits. Ask lots of questions about why the tests are being done, if they are really necessary and what your options are. You may decide to take a more conservative approach.

- After the visit, take responsibility for your care outside the doctor’s office. You should:
  - Follow through with the recommended treatment.
  - Take all medications as directed for as long as required.
  - Practice preventive care; it’s the best way to reduce your health-care costs.

- Don’t repeat medical tests needlessly. If you should change doctors, don’t waste your time and money on tests that you’ve already had done. Simply get your previous practitioner to forward your records to your new doctor.

Lower Your Hospital Costs

- Before you’re admitted to the hospital, read your health insurance policy thoroughly, and be sure to understand exactly what is and isn’t covered by the policy.

- If you need to go to a hospital, try to save on an extra night’s stay by checking in the day of your surgery. Avoid being admitted on a weekend, because most procedures will be put on hold until Monday.

- Keep a log. If at all possible, you or a family member should try to keep a daily record of all the services, medications and other supplies you receive. That way, you’ll have a record with which to compare the final bill.

- Look over your bill carefully before you check out. Make sure that you are given a detailed bill that itemizes every procedure, service and medication.

- Be on the lookout for duplicate billings, inaccurate admission or check-out dates, and the billing of supplies, medications and tests that you didn’t receive. Be suspicious of any charges that are labeled “miscellaneous” on your bill. Always ask for an explanation of what they are.

- If you notice an error on your bill, call the hospital’s accounting office immediately and explain the details of the error to them. Next, notify your insurance company of the error. Put everything in writing and keep copies.

- Save all medical-related receipts. If you itemize deductions on your income tax return, you may be able to deduct non-reimbursed expenses that exceed 7.5 percent of your adjusted gross income. Deductible expenses are those not covered by insurance.
Cut Your Medication Bills

- Discuss prescriptions with your doctor. Ask if you really need a particular prescription or whether an alternative diet or exercise regimen could provide the same results.
- Ask your doctor about over-the-counter medications. They’re usually less expensive than prescription drugs and can be as effective for minor health problems.
- Ask your doctor if a generic drug is appropriate for your condition. Generic drugs are safe, and most are as effective as their brand-name equivalents; they generally cost considerably less.
- If your doctor writes a prescription for a brand-name drug, ask the pharmacist to check on the difference between the brand-name drug and the generic substitute, which is less expensive. If the two are medically equivalent, ask for the generic.
- Request samples when trying a new medication. You’re wasting money and medicine if you can’t tolerate a new medication and must stop taking it after only a few doses. Ask your doctor if he or she has samples you can try before filling your prescription.
- If you’re prescribed a drug that’s been on the market for fewer than five years, ask your doctor if it offers distinct advantages in cost, effectiveness or reduced side effects. If not, ask if an older drug is more suitable. That way, you’ll avoid possible toxic effects that may not have shown up yet.
- Avoid overuse of antibiotics. The American Academy of Family Physicians estimates that Americans take 50 million unnecessary prescriptions for antibiotics each year. Antibiotics do not help viral infections. Viruses commonly cause colds, bronchitis, sore throats, flu and sinusitis. Using unnecessary antibiotics can cause bacterial resistance (super bugs), as well as side effects from the drug.
- When you receive a prescription for an antibiotic, it never hurts to ask your doctor if the antibiotic is absolutely necessary. Only 15 percent of sore throats are caused by strep and therefore require an antibiotic. Often a common cold will start with a sore throat. If you have a sore throat, you can take over-the-counter medications such as acetaminophen, ibuprofen or naproxen for the pain. If the soreness in your throat does not feel better after two days, call your doctor. He or she can then run tests to determine if you need an antibiotic or other treatment.

- Have one pharmacy fill all your prescriptions. This will keep your drug profile updated, and your pharmacist can track drug interactions. Over-the-counter products also can cause interactions, so check with the pharmacist before using them if you regularly take a prescription drug.
- Store drugs properly in a cool, dry place. Don’t store them in your car’s glove compartment or in your bathroom closet, where excessive levels of heat and humidity can affect them. Be sure to keep all medications and vitamins out of the reach of children and pets.
- Take your medicine the right way. Fifty percent of Americans take their medicines incorrectly. Ask your doctor the following questions when you’re given a new prescription:
  - What is the name of the medicine, and what is it supposed to do?
  - How much of the medicine should I take, when should I take it and for how long?
  - What are the possible side effects, and what should I do if they occur?
  - What foods, beverages, other prescriptions and nonprescription medications should I avoid?
  - Can you provide me with written information about this medicine?
- Monitor your use of medications:
  - Tell your doctor and pharmacist which other medicines — including nonprescription drugs — you are taking.
  - Discuss with your doctor any problems, such as allergic reactions or side effects, you’ve had with medications.
  - Ask your doctor to review all the medications you take to help you determine which ones are necessary and which ones may not be.
  - Don’t take another person’s prescription medicine, even if your symptoms are similar.
  - Take all the medication in a prescription if you’re instructed to do so.
  - Don’t combine different drugs in one container. Drugs can react with one another, making them ineffective.
  - Check the label each time you take your medication to verify the drug and the dosage you’re about to take.
Arkansas Blue Cross and Blue Shield has grown to become the state’s leading health insurer by serving its customers better than anyone else. Below are some of the qualities that differentiate us from our competitors, both nationally and locally:

**The Widest Choice of Plans** — Some insurers have a “one-plan-fits-all” approach to health coverage. Not Arkansas Blue Cross. We offer a wider choice of health plans than anyone else. The state’s largest HMO, Health Advantage. The state’s largest PPOs, Arkansas’ FirstSource and True Blue PPO, Point-of-Service (POS) options. Health plans for individuals, families and seniors. Traditional major medical coverage. And emerging products that provide added affordability. Only Arkansas Blue Cross can give you all these choices and more.

**The Most Doctors and Hospitals** — Some health insurers have limited networks of doctors and hospitals. Not Arkansas Blue Cross. We have a statewide network of more than 10,200 participating health-care providers. That’s more than anyone else in Arkansas. And our HMO and PPO networks have more than 5,800 providers and 111 hospitals, covering all 75 counties in Arkansas. Only Arkansas Blue Cross can give you the most freedom in choosing a doctor or hospital.

**Unmatched Local Customer Service** — Other insurers often are based hundreds — if not thousands — of miles from their customers. Not Arkansas Blue Cross. We’ve established seven full-service regional offices throughout the state, staffed by people who live in the region they serve. And with each regional team empowered to make decisions locally, there’s always someone nearby who can answer any question you may have. Only Arkansas Blue Cross can give you this level of personal, community-based service.

**National and Global Coverage** — Most health plans cover you at home, but some abandon you as soon as you cross the state line. Not Arkansas Blue Cross. Our national BlueCard® Program covers you throughout the country and even around the world — with more than 900 hospitals in 130 foreign countries. And while traveling in the United States, members can even take their managed care cost savings with them, through the BlueCard PPO and HMO Blue USA® programs. Only Arkansas Blue Cross can give you this passport to hassle-free coverage around the globe.

**Advanced Electronic Networking with Providers** — Many health insurers are reluctant to invest in advanced technology to simplify your life. Not Arkansas Blue Cross. Approximately 85 percent of our members’ claims are filed for them — electronically — which means your claims are processed faster and more accurately. And our statewide Advanced Health Information Network (AHIN) puts essential eligibility, benefits and claim-status information at your doctor’s fingertips. Only Arkansas Blue Cross gives you access to that level of convenient, coordinated care using the latest technology.

**Based and Operating Exclusively in Arkansas** — Arkansas Blue Cross and Blue Shield, A Mutual Insurance Company, is an Arkansas-based company, chartered by the Arkansas Insurance Department and having its headquarters in Arkansas. While some of its subsidiaries are authorized to do business in other states, Arkansas Blue Cross is only authorized to do business in Arkansas. While its competitors, local, regional, or national, move into or out of the state as they please, Arkansas Blue Cross has been an Arkansas company since 1948, serving Arkansans exclusively and continuously while dozens of competitors have come and gone.

**Subject to Regulation Under Arkansas Law** — Arkansas Blue Cross and its insurance subsidiaries are all domiciled in Arkansas and are extensively regulated by the Arkansas Insurance Department. Each company is also subject to applicable (and ever increasing) federal laws and regulations.

**Governed By and Accountable to Our Arkansas Constituencies** — Arkansas Blue Cross is an independent member of the Blue Cross and Blue Shield Association. It is governed by its own, independent board of directors, all of whom are Arkansans or who have close business ties and responsibilities in Arkansas. By way of contrast with for-profit, publicly-owned health plans, Arkansas Blue Cross does not have to generate profits in order to pay dividends to stockholders, most of whom would not be residents of Arkansas. A great majority of the medical and
administrative expenses paid by Arkansas Blue Cross are paid to local employees and local medical providers and institutions. In short, we are accountable to the stakeholders of the health-care system in Arkansas: patients, providers of care, customers, and the communities we serve.

Not-For-Profit — As a not-for-profit mutual insurance company, Arkansas Blue Cross is owned by its policyholders and does not have shareholders. All revenues earned by Arkansas Blue Cross are utilized in only two ways: To pay providers and members for covered benefits, and to pay associated administrative expense. Any revenues received which are greater than these two categories of expense are held as unassigned funds (surplus) for future payment of claims and expenses. Health insurance is historically a cyclical business, and when claims and expenses exceed revenues, surplus is used to meet those obligations. The Arkansas Insurance Department, the Blue Cross and Blue Shield Association, and various industry groups monitor the level of surplus as a key indicator of an insurer’s financial strength and stability.

Not-For-Profit, But Not Exempt From Taxes — While Arkansas Blue Cross is not-for-profit, it is not exempt from taxes. Arkansas Blue Cross and its insurance subsidiaries pay state taxes on premiums in exactly the same manner as every health insurer, for-profit or not-for-profit, which sells insurance coverage to Arkansas customers; they pay the full range of regulatory fees and charges applicable to insurance companies and HMOs licensed to do business in Arkansas; and they pay federal income taxes, just as any other corporation.

Capital Needs — While Arkansas Blue Cross is a not-for-profit mutual insurance company, there are several reasons why it must be able to accumulate and maintain a sufficient level of capital for the protection of policyholders. They include: to absorb downturns in underwriting or investment results from normal business cycles or due to unforeseen contingencies; to meet and exceed state and federal regulatory requirements and Blue Cross and Blue Shield Association capitalization standards; and to meet the expectations of external rating agencies. Unforeseen contingencies, for example, could be substantial. We now know from events in 1995 and 2001 that terrorism in various forms may be more common in the future, and even an isolated event could cause great physical and mental injury. Arkansas Blue Cross has never excluded treatment of injuries due to terrorist acts, and all companies doing business in Arkansas now are prohibited from having such exclusions. Another possibility is the threat of a widespread pandemic such as an outbreak of avian flu. Without adequate reserves, Arkansas Blue Cross could find itself without the resources necessary to adequately respond to a sudden increase in utilization due to a health crisis or terrorist act against our citizens.

A.M. Best Rating — Arkansas Blue Cross has earned an A-(Excellent) from A.M. Best Company every year since 1994 and in 2005 was upgraded to A (Excellent). A rating from A.M. Best represents an independent opinion (from one of the leading providers of insurer ratings) of a company’s financial strength and ability to meet its obligations to policyholders. A.M. Best also has affirmed an A- Excellent rating for Health Advantage.

For more information, visit our Web sites